



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
DARRELL V. MCGRAW, JR.
CONSUMER PROTECTION DIVISION
1-800-368-8808 or 304-558-8986

Press Release

FOR IMMEDIATE RELEASE

October 26, 2010

Contact: Norman Googel

Phone: (800) 368-8808

Attorney General McGraw's Consumer Protection Division Recovers \$64K from Debt Relief Companies, Influences New FTC Ban on Advance Fees

CHARLESTON – West Virginia Attorney General Darrell McGraw today announced the recovery of \$64,737.08 for 48 West Virginia consumers in cases against three debt negotiation and settlement companies that charged illegal fees. These settlements bring the total of successful cases brought by the Attorney General's Office since 2006 against deceptive and abusive practices by debt relief providers to 31, resulting in refunds of more than \$2.1 million to 4,191 West Virginia consumers.

McGraw's Consumer Protection Division announced compliance and refund agreements with: Discount Debt Solutions, Inc. (\$31,223.80 to be refunded to 28 consumers), a debt settlement company based in West Palm Beach, FL, also doing business as Debt Settlement Solutions; Accelerated Financial Centers, LLC (\$7,445, 11 consumers), a debt negotiation company in Port Saint Lucie, FL; and Heritage Debt Relief, LLC (\$26,068.28, 9 consumers), a debt settlement company in Dripping Springs, TX.

Debt-relief telemarketers also have been put on notice by a multi-state effort – of which Attorney General McGraw's Consumer Protection Division was at the forefront – to end one of the worst abuses in the debt relief industry: charging fees before actually providing any debt relief to consumers. Starting tomorrow, October 27, a new FTC regulation bans debt-relief companies from charging any fees before there is a written agreement with a creditor to actually reduce, eliminate or otherwise successfully renegotiate a consumer's debts and the consumer has made at least one payment to the creditor under the agreement.

"I am proud of the cutting-edge role that ongoing enforcement by my Consumer Protection Division has played in bringing some fairness to the debt relief industry by working to eliminate deceitful practices and underhanded charges," Attorney General McGraw said. "The Division's tireless advocacy contributed significantly to the FTC's enactment of an important new rule."

The new rule was prompted by consumer complaints that the industry charged thousands of dollars in advance and typically refused to make refunds when they failed to deliver any debt relief. Debt relief companies will now be required to establish "dedicated accounts" to protect consumers' funds and to disclose the truth about costs and the likely negative consequences, such as downgraded credit ratings and the possibility of lawsuits by creditors, that can result from using debt relief services.

Debt relief providers, including for-profit debt credit counselors, debt settlement firms, debt negotiation services, and companies that falsely claim nonprofit status, often target consumers in financial distress. FTC Chairman Jon Leibowitz called the rule change "a major victory for consumers struggling to control and manage their debt without inadvertently digging themselves in deeper."

In the battle against debt relief and collection abuses, Attorney General McGraw's Office has shut down illegal debt collection firms and obtained refunds and canceled debts for thousands of consumers, while safeguarding West Virginians against deceptive advertising, unlawful fees and other unfair practices.

Consumers with questions about their rights or a complaint concerning debt relief or collection should contact the Attorney General's Consumer Protection Division at www.wvago.gov or call the Consumer Protection Hotline at 1-800-368-8808. For regular consumer news updates, follow the AGO on Facebook and Twitter.

##